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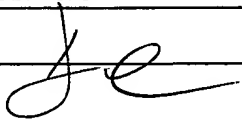
PRE-APPEAL BRIEF REQUEST FOR REVIEW

Docket Number (Optional)

DYOU0185US

I hereby certify that this correspondence is being deposited with the United States Postal Service with sufficient postage as first class mail in an envelope addressed to "Mail Stop AF, Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450" [37 CFR 1.8(a)]

on 02/23/07

Signature 

Typed or printed name Damon Kali

Application Number

09/269,618

Filed

07/21/1999

First Named Inventor

BILLINGSLEY, RICHARD

Art Unit

3621

Examiner

REAGAN, JAMES A

Applicant requests review of the final rejection in the above-identified application. No amendments are being filed with this request.

This request is being filed with a notice of appeal.

The review is requested for the reason(s) stated on the attached sheet(s).

Note: No more than five (5) pages may be provided.

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I am the

☐ applicant/inventor.

☐ assignee of record of the entire interest.
See 37 CFR 3.71. Statement under 37 CFR 3.73(b) is enclosed.
(Form PTO/SB/96)

☒ attorney or agent of record.
Registration number 50,541

☐ attorney or agent acting under 37 CFR 1.34.
Registration number if acting under 37 CFR 1.34 _____


Signature

Damon Kali

Typed or printed name

408-593-2497

Telephone number

02/23/07

Date

NOTE: Signatures of all the inventors or assignees of record of the entire interest or their representative(s) are required. Submit multiple forms if more than one signature is required, see below*.

☐ *Total of _____ forms are submitted.

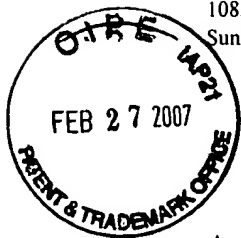
This collection of information is required by 35 U.S.C. 132. The information is required to obtain or retain a benefit by the public which is to file (and by the USPTO to process) an application. Confidentiality is governed by 35 U.S.C. 122 and 37 CFR 1.11, 1.14 and 41.6. This collection is estimated to take 12 minutes to complete, including gathering, preparing, and submitting the completed application form to the USPTO. Time will vary depending upon the individual case. Any comments on the amount of time you require to complete this form and/or suggestions for reducing this burden, should be sent to the Chief Information Officer, U.S. Patent and Trademark Office, U.S. Department of Commerce, P.O. Box 1450, Alexandria, VA 22313-1450. DO NOT SEND FEES OR COMPLETED FORMS TO THIS ADDRESS. SEND TO: Mail Stop AF, Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450.

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Damon K. I. Kali

1085 Tasman Drive Ste. 685
Sunnyvale, CA 94089

PATENT APPLICATION
ATTORNEY DOCKET NO. DYOUN0185US



IN THE
UNITED STATES PATENT & TRADEMARK OFFICE

Applicant: BILLINGSLEY, RICHARD

Application No. 09/269,618

Examiner: James A. Reagan

Filed: 07/21/1999

Group No. 3621

Title: IMPROVEMENTS RELATING TO
ELECTRONIC TRANSACTIONS

Confirmation No. 1326

PRE-APPEAL BRIEF REQUEST FOR REVIEW
AND
NOTICE OF APPEAL

Mail Stop Non-Fee Amendment
Commissioner for Patents
P. O. Box 1450
Alexandria, VA 22313-1450

Dear Sir:

In response to the Office Action dated December 20, 2006, for which a response is due on December 25, 2006, Applicant hereby presents this Pre-Appeal Brief for Review.

Remarks/Arguments begin on page 2 of this paper.

An Appendix is attached following page 5 of this paper.

Remarks/Arguments

Status of the Application

Applicants respectfully request reconsideration of the rejections and objections set forth in the Office Action mailed on December 20, 2006.

In response to the Office Action dated February 16, 2005 and to a telephonic interview with the Examiner on August 15, 2005, Applicant cancelled all claims and presented 22 new claims.

In response to the Office Action dated October 24, 2005, Applicant submitted a substitute Specification to address the Examiner's concerns regarding form of the Application. Applicant further specifically pointed out from where in the Specification each newly presented claim originated.

In response to the Office Action dated May 2, 2006, Applicant elected group I, claims 75-88 and 94-96.

In response to the Office Action dated November 25, 2006, Applicant submitted an After Final Amendment, which was rejected by the Examiner in an Advisory Action dated December 12, 2006.

As such, claims 75-88 and 94-96 are pending in the present Application.

Remarks

Office Action I

In response to the Office Action dated February 16, 2005 and to a telephonic interview with the Examiner on August 15, 2005, Applicant cancelled all claims and presented 22 claims.

Applicant submitted 22 claims to more precisely claim the subject matter disclosed in the Application. Indeed, based on both the cited art, and the Interview with the Examiner, Applicant submitted claims which contained limitations not found in the cited art. Argument made by the Applicant may be found at Paper 1, pages 8-9. The Examiner's only reference to the Applicant's arguments of August 16, 2005 are found in the Office Action dated September 25, 2006 in which the Examiner stated on page 2, "Applicant's arguments with respect to claims have been considered but are *moot in view of the new ground(s) of rejection.*"

Office Action 2

In response to the Office Action dated October 24, 2005, Applicant submitted a substitute Specification to address the Examiner's concerns regarding form of the Application. Applicant further specifically pointed out from where in the Specification each claim originated. The Examiner did not further address his rejections contained therein subsequently.

Office Action 3

In response to the Office Action dated May 2, 2006, Applicant elected group I, claims 75-88 and 94-96. The Examiner addressed this election in the Office Action dated September 25, 2006.

Office Action 4

In response to the Office Action dated September 25, 2006, Applicant submitted an After Final Amendment. As noted above, the Examiner's only reference to the Applicant's arguments of August 16, 2005 are found in the Office Action dated September 25, 2006 in which the Examiner stated on page 2, "Applicant's arguments with respect to claims have been considered but are *moot in view of the new ground(s) of rejection*."

The Examiner rejected claims 75-88 and 94-96 under 35 U.S.C. 102(b) as being anticipated by U.S. Patent No. 5,850,442 to *Muftic et al. (Muftic)*. Argument made by the Applicant may be found at Paper 2, pages 2-4.

Muftic discloses methods that provide secure electronic transactions over an open network (*see col. 1, ll. 18-23*). Methods disclosed by *Muftic* utilize at least three elements namely: a smart token, such as a smart card or PCMCIA; a public key infrastructure; and a network (*see id.*; FIG. 3, 350). Smart cards, as described by *Muftic* require a certification process administered by a certifying authority (*see col. 12, ll. 8-37*). These smart cards store information such as a smart token, which provides authentication that may be utilized during an electronic transaction (*see col. 12, ll. 20-58*).

Applicant respectfully submits that the present claims do not require a smart token. Indeed, the present claims as practiced by one skilled in the art would not function in any embodiments as described by *Muftic*.

For example, claim 75 requires:

- providing a buyer value note, the buyer value note including a buyer public key, the value, and a first bank signature;
- appending the buyer value note with a seller public key;
- endorsing the buyer value note with a buyer endorsement signature such that the buyer endorsement signature is verified with the buyer public key;
- creating a seller value note, the seller value note including a seller public key and the value; and
- endorsing the seller value note with a second bank signature whereby the value is transferred to the seller.

In this method, no smart token is required such as is disclosed by *Muftic*. Thus, a card reader or some other storage medium, as disclosed by *Muftic*, is not required to provide authentication. Applicant submits that *Muftic* simply discloses methods not contemplated by the present claims.

As such, because Applicant's previous argument was moot in light of new grounds of rejection and because the cited art that forms the basis for the new grounds of rejection does not disclose each and every limitation of the present claims, indeed, the cited art would not arguably function within the context of the present claims, the Applicant respectfully requests that the above rejection be withdrawn and the present claims be allowed.

Office Action 5

In response to the After Final Communication submitted by the Applicant on November 27, 2006, the Examiner filed an Advisory Action on December 20, 2006.

The Examiner has stated that the "prior art of record is clearly and unarguably analogous as well as relevant. In addition, applicant's arguments regarding the teaching of the prior art of record fail because when combined together, the prior art of record wholly and flawlessly discloses the claimed invention." Applicant respectfully traverses.

Not only does the cited art, *Muftic*, fail to teach, in any reasonable form, the claimed invention as noted above, but *Muftic* cannot be practiced in the context of the present invention as claimed. The Applicant respectfully submits that the Office Action of September 25, 2006

Amendment submitted in response
to Office Action mailed 12/20/2006
U.S. Pat App. No. 09/269,618
February 21, 2007
Page 5

does not particularly point out each and every limitation as allegedly disclosed by *Muftic*.
Indeed, only a cursory examination at best is indicated by the Examiner's argument found on
page 4 of the Office Action of September 25, 2006.

As such, Applicant respectfully submits that the rejections maintained by the Examiner
are improper and requests that, for at least these reasons, the above rejections be withdrawn and
the present claims be allowed.

Conclusion

Applicant believes that all pending claims are allowable and respectfully request a Notice
of Allowance for this application from the Panel. Should the Panel believe that a telephone
conference would expedite the prosecution of this application, the undersigned can be reached at
the telephone number set out below.

Respectfully submitted,
/Damon K. I. Kali/
Damon K. I. Kali
Registration No. 50,541

Tel: 408-593-2497

Damon K. I. Kali
IP STRATEGY GROUP, P.C.
P.O. Box 700640
San Jose, CA 95170-0640

PATENT APPLICATION
ATTORNEY DOCKET NO. DYOUP0185US



IN THE
UNITED STATES PATENT & TRADEMARK OFFICE

Applicant: BILLINGSLEY, RICHARD

Application No. 09/269,618

Examiner: James A. Reagan

Filed: 07/21/1999

Group No. 3621

Title: IMPROVEMENTS RELATING TO
ELECTRONIC TRANSACTIONS

Confirmation No. 1326

AMENDMENT D

Mail Stop Non-Fee Amendment
Commissioner for Patents
P. O. Box 1450
Alexandria, VA 22313-1450

Dear Sir:

In response to the Office Action dated February 16, 2005, for which a response is due on May 16, 2005, and for which a three-month extension is requested, please amend the above-identified patent application as follows:

Amendments to the Claims begin on page 2 of this paper.

Remarks/Arguments begin on page 8 of this paper.

Amendments to the Claims

Claims have been reproduced below for the convenience of the Examiner.

Claims 1-74 (cancelled)

Claim 75 (new): A method for transferring a value representing a commodity in an electronic transaction comprising:

- providing a buyer value note, the buyer value note including a buyer public key, the value, and a first bank signature;
- appending the buyer value note with a seller public key;
- endorsing the buyer value note with a buyer endorsement signature such that the buyer endorsement signature is verified with the buyer public key;
- creating a seller value note, the seller value note including a seller public key and the value; and
- endorsing the seller value note with a second bank signature whereby the value is transferred to the seller.

Claim 76 (new): The method of claim 75 further comprising:

- after the creating a seller value note,
 - disassociating the buyer public key and the buyer endorsement signature from the seller value note; and
 - deleting the buyer public key and the buyer endorsement signature such that the seller value note is anonymous with respect to the buyer value note.

Claim 77 (new): The method of claim 75 wherein the buyer value note further comprises expiry information such that the buyer value note is not redeemable outside of an expiry date.

Claim 78 (new): The method of claim 75 wherein the buyer value note further comprises identification information for uniquely identifying the buyer value note.

Claim 79 (new): The method of claim 78 wherein the identification information is selected from the group consisting of: a date of issuance, a time of issuance, a date of expiry, a time of expiry, an identification code, and an identification string.

Claim 80 (new): The method of claim 75 wherein the buyer value note further comprises a redemption time such that the buyer value note is not redeemable before the redemption time.

Claim 81 (new): The method of claim 75 wherein the buyer value note further comprises a guarantee term such that the buyer value note is guaranteed only within the guarantee term.

Claim 82 (new): A method for transferring at least a portion of a value representing a commodity in an electronic transaction comprising:

- providing a first buyer value note, the first buyer value note including a buyer public key, a value, and a first bank signature;

- appending the first buyer value note with a seller public key, a new value representing the at least the portion of the value, a change value representing the value less the new value, and a buyer change public key;

- endorsing the first buyer value note with a buyer endorsement signature such that the buyer endorsement signature is verified with the buyer public key;

- creating a seller value note, the seller value note including a seller public key and the new value;

- endorsing the seller value note with a second bank signature whereby the new value is transferred to the seller;

- creating a second buyer value note, the second buyer value note including the buyer change public key and the change value; and

endorsing the second buyer value note with a third bank signature whereby the change value is retained by the buyer.

Claim 83 (new): The method of claim 82 further comprising:

after the creating a seller value note,
disassociating the buyer public key and the buyer endorsement signature from the seller value note; and
deleting the buyer public key and the buyer endorsement signature such that the seller value note is anonymous with respect to the buyer value note.

Claim 84 (new): The method of claim 82 wherein the buyer value note further comprises expiry information such that the buyer value note is not redeemable outside of an expiry date.

Claim 85 (new): The method of claim 82 wherein the buyer value note further comprises identification information for uniquely identifying the buyer value note.

Claim 86 (new): The method of claim 85 wherein the identification information is selected from the group consisting of: a date of issuance, a time of issuance, a date of expiry, a time of expiry, an identification code, and an identification string.

Claim 87 (new): The method of claim 82 wherein the buyer value note further comprises a redemption time such that the buyer value note is not redeemable before the redemption time.

Claim 88 (new): The method of claim 82 wherein the buyer value note further comprises a guarantee term such that the buyer value note is guaranteed only within the guarantee term.

Claim 89 (new): A method for exchanging a first value representing a first commodity for a second value representing a second commodity in an electronic transaction comprising:
providing a buyer value note, the buyer value note representative of the first value;

providing a seller value note for exchange with the buyer value note, the seller value note representative of the second value;

executing the buyer value note to the seller;

optionally executing the seller value note to the buyer;

if the seller does not execute the seller value note,

recovering the buyer value note such that the first value is retained by the buyer;

else,

receiving the seller value note by the buyer, and

receiving the buyer value note by the seller; and

endorsing the buyer value note and the seller value note such that the first value and the second value are exchanged.

Claim 90 (new): The method of claim 89 wherein the executing the buyer value note to the seller comprises:

appending the buyer value note with the seller public key, the second value, and a requested endorsement signature; and

endorsing the buyer value note with a buyer endorsement signature such that the buyer endorsement signature is verified with the buyer public key.

Claim 91 (new): The method of claim 89 wherein the optionally executing the seller value note to the buyer comprises:

appending the seller value note with the buyer public key; and

endorsing the seller value note with a seller endorsement signature such that the seller endorsement signature is verified with the seller public key.

Claim 92 (new): The method of claim 89 wherein the endorsing the buyer value note and the seller value note such that the first value and the second value are exchanged comprises:

creating a second buyer value note, the second buyer value note including the buyer public key and the second value;

endorsing the second buyer value note with a third bank signature whereby the second value is transferred to the buyer;

creating a second seller value note, the second seller value note including the seller public key and the first value; and

endorsing the second seller value note with a fourth bank signature whereby the first value is transferred to the seller.

Claim 93 (new): A method for exchanging a first value representing a first commodity for a second value representing a second commodity in an electronic transaction comprising:

providing a buyer value note, the buyer value note including a buyer public key, the first value, and a first bank signature;

providing a seller value note for exchange with the buyer value note, the seller value note including a seller public key, the second value, and a second bank signature;

appending the buyer value note with the seller public key, the second value, and a requested endorsement signature;

endorsing the buyer value note with a buyer endorsement signature such that the buyer endorsement signature is verified with the buyer public key;

appending the seller value note with the buyer public key;

endorsing the seller value note with a seller endorsement signature such that the seller endorsement signature is verified with the seller public key;

creating a second buyer value note, the second buyer value note including the buyer public key and the second value;

endorsing the second buyer value note with a third bank signature whereby the second value is transferred to the buyer;

creating a second seller value note, the second seller value note including the seller public key and the first value; and

endorsing the second seller value note with a fourth bank signature whereby the first value is transferred to the seller.

Claim 94 (new): A system for electronically transferring a value representing a commodity comprising:

- means for generating a digital signature wherein the digital signature is verifiable with a public key;

- means for generating a value note corresponding with a value, the value note encrypted with the digital signature;

- means for endorsing the value note such that the value note is validated;

- means for appending the value note with exchange information; and

- means for generating a new value note corresponding with the exchange information such that the value is transferred to the new value note.

Claim 95 (new): The system of claim 84 further comprising:

- means for dissociating the new value note from the value note; and

- means for verifying the exchange information.

Claim 96 (new): The system of claim 94 wherein the exchange information is selected from the group consisting of: expiry information, identification information, redemption information, and guarantee term information.

Remarks/Arguments

Status of the Application

Applicants respectfully request reconsideration of the rejections and objections set forth in the Office Action mailed on February 16, 2005.

Claims 1-74 are hereby cancelled without prejudice.

Claims 75-96 are pending in this application.

The Claims

Interview Summary

In a telephonic interview with the Examiner on August 15, 2005, the Applicant and the Examiner discussed the present invention and the claim approach. The Applicant submitted that the claims as presently directed are toward methods of accomplishing an electronic transaction that may, in some embodiment, result in a bearer value note that is anonymous with respect to a previous bearer. Although no formal agreement was reached, the Examiner agreed to review the newly presented claims as directed toward electronic transactions. Applicant thanks the Examiner for his time.

Rejections Under 35 U.S.C. § 103 (a)

Claims 1, 3-48, 51-53, 61-63, 65-69, and 74

The Examiner has rejected claims 1, 3-48, 51-53, 61-63, 65-69, and 74 under 35 U.S.C. 103(a) as being unpatentable over *Rosen* in view of *Hiroya*, and further in view of *Shneier*, and further in view of *O'Mahony*.

Applicant has cancelled claims 1, 3-48, 51-53, 61-63, 65-69, and 74. Applicant respectfully submits that in light of the newly presented claims, the Examiner's rejections are moot and therefore requests that the rejection based on the cited art be removed.

Applicant now addresses each prior art reference in turn. *Rosen* describes "an improved monetary system using electronic media to securely and reliably exchange economic value" (col. 6, ll. 19-25). However, unlike the present invention, *Rosen* requires a Certification Agency and,

in doing so, models a banking institution where a bank will serve as a clearing house for electronic transactions (*see* col. 7, ll. 29-65; FIG. 1).

The present invention requires no such components. Indeed, claim 75 requires only a "bank signature" to validate a value represented by a value note (*see* Specification p. 22, ll. 14-18).

Hiroya describes systems for electronic ticket vending and refunding (*see* Abstract). In particular, *Hiroya* requires an electronic ticket storage device that serves as a dedicated interface. (*see* FIGS. 1-2). In contrast, the present invention contemplates only a public access network to complete electronic transactions and further does not require any specialized hardware terminals to complete electronic transactions (*see* FIG. 1; Specification p. 20, l. 26 – p. 21 l. 4).

Shneier describes cryptographic techniques for use with public and private key encryption. In light of the newly presented claims, Applicant respectfully submits that the rejection based on *Shneier* is moot and therefore requests that the rejection based on *Shneier* be removed.

O'Mahony is a 1997 cited art reference. Applicant claims priority to his original filing date of September 26, 1996 under 35 U.S.C. § 119. Applicant respectfully submits that application of the cited art reference is inappropriate and therefore requests that the rejection based on the cited art be removed.

Applicant believes that all pending claims are allowable and respectfully request a Notice of Allowance for this application from the Examiner. Should the Examiner believe that a telephone conference would expedite the prosecution of this application, the undersigned can be reached at the telephone number set out below.

Respectfully submitted,
/Damon K. I. Kali/
Damon K. I. Kali
Registration No. 50,541

Tel: 408-257-5500



PAPER 2

Damon K. I. Kali
STEVENS LAW GROUP, P.C.
99 North First Avenue Ste. 201
San Jose, CA 95113

PATENT APPLICATION
ATTORNEY DOCKET NO. DYOUP0185US

**IN THE
UNITED STATES PATENT & TRADEMARK OFFICE**

Applicant: BILLINGSLEY, RICHARD

Application No. 09/269,618

Examiner: James A. Reagan

Filed: 07/21/1999

Group No. 3621.

Title: IMPROVEMENTS RELATING TO
ELECTRONIC TRANSACTIONS

Confirmation No. 1326

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Damon K. I. Kali

AFTER FINAL COMMUNICATION

Mail Stop Non-Fee Amendment
Commissioner for Patents
P. O. Box 1450
Alexandria, VA 22313-1450

Dear Sir:

This Amendment is in response to the Office Action dated September 25, 2006, for which
a response is due on December 25, 2006.

Please amend the above-identified patent application as follows:

Remarks/Arguments begin on page 2 of this paper.

Remarks/Arguments

The amendments set forth herein are provided solely to clarify the invention as filed and set forth in the pending claims in order to comply with applicable statutes and regulations. The amendments are not intended to limit the invention or preclude the application of equivalents which Applicant may be entitled to under law.

Status of the Application

Applicants respectfully request reconsideration of the rejections and objections set forth in the Office Action mailed on September 25, 2006.

The Examiner has rejected claims 75-88 and 94-96 under 35 U.S.C. 102(b) as being anticipated by U.S. Patent No. 5, 850,442 to *Muftic et al.* (*Muftic*).

Claims 75-88 and 94-96 are pending in this application.

The Claims

Rejections Under 35 U.S.C. § 102 (e)

Claims 75-88 and 94-96

The Examiner has rejected claims 75-88 and 94-96 under 35 U.S.C. 102(e) as being anticipated by *Muftic*. Applicant respectfully traverses.

Muftic discloses methods that provide secure electronic transactions over an open network (*see* col. 1, ll. 18-23). Methods disclosed by *Muftic* utilize at least three elements namely: a smart token, such as a smart card or PCMCIA; a public key infrastructure; and a network (*see id.*; FIG. 3, 350). Smart cards, as described by *Muftic* require a certification process administered by a certifying authority (*see* col. 12, ll. 8-37). These smart cards store information such as a smart token, which provides authentication that may be utilized during an electronic transaction (*see* col. 12, ll. 20-58).

Muftic further discloses off line digital cash systems which may be utilized at a point of sale (*see* col. 15, l. 60 – col. 16, l. 7). Two methods, a tamper proof chip, and an encrypted transaction path may be utilized to overcome double spending as disclosed by *Muftic* (*see* col. 16, ll. 8-22).

As may be appreciated, there exist many possible alternatives for effecting an electronic transaction. Use of some form of encryption (like public key encryption) is likely critical to any viable form of secured transaction. Currency, after all, is simply a physical encryption (*i.e.* printed paper) representing a monetary value. Thus, how a key to encryption is given, stored, handled, passed, and terminated in connection with some form of legal tender whether physical or electronic is what differentiates one method from another.

For example, claim 75 requires:

- providing a buyer value note, the buyer value note including a buyer public key, the value, and a first bank signature;
- appending the buyer value note with a seller public key;
- endorsing the buyer value note with a buyer endorsement signature such that the buyer endorsement signature is verified with the buyer public key;
- creating a seller value note, the seller value note including a seller public key and the value; and
- endorsing the seller value note with a second bank signature whereby the value is transferred to the seller.

In this method, no smart token is required such as is disclosed by *Muftic*. Thus, a card reader or some other storage medium, as disclosed by *Muftic*, is not required to provide authentication. Instead, a value note is provided that is endorsed (or electronically signed) by a bank. The value note includes a buyer public key – the public key being the method by which the authenticity of the note is confirmed. When a buyer wishes to make a purchase, the value note is appended to include the seller's public key and endorsed by the buyer, whose endorsement is verified with the buyer's public key which was originally provided with the original note also containing the bank signature. The first transaction between seller and buyer is now complete. When the seller wishes to collect the value of the value note, a new note is created and endorsed by the seller whereupon the seller receives the value associated with the note.

As can be seen, a smart token, as disclosed by *Muftic* is not required. Authentication, instead, travels with the value note. Thus, the method described by the present claims is

modeled after a paper-like transaction. Furthermore, claim 82 contains limitations directed to transferring a partial value of an original value note. Again, authentication travels with the value note as it proceeds along a transaction path thus requiring no smart token.

Still further, double spending may be inherently avoided because the value note, as required by the present claims, requires a bank signature, which provides a means by which a bank may determine whether a value note has been double spent. In contrast, *Muftic* discloses a tamper proof chip or an encrypted transaction path for avoiding double spending.

Therefore, for at least these reasons, Applicant respectfully submits that claims 75 and 82 are allowable over the cited art and requests that the above rejection be removed. Claim 94 is a means claim directed toward substantially similar limitations as claim 75 and is therefore allowable for at least the same reasons cited for claim 75.

All remaining claims depend either directly or indirectly from independent claims 75, 82, and 94 and are therefore allowable over the cited art for at least the same reasons cited for claim 1. Additionally, these dependent claims require additional elements that, when considered in the context of the claimed invention, further patentably distinguishes the art of record. For example, claim 76 requires, "after the creating a seller value note, disassociating the buyer public key and the buyer endorsement signature from the seller value note; and deleting the buyer public key and the buyer endorsement signature such that the seller value note is anonymous with respect to the buyer value note." In contrast, *Muftic* discloses no such method.

Applicant believes that all pending claims are allowable and respectfully request a Notice of Allowance for this application from the Examiner. Should the Examiner believe that a telephone conference would expedite the prosecution of this application; the undersigned can be reached at the telephone number set out below.

Respectfully submitted,
/Damon K. I. Kali/
Damon K. I. Kali
Registration No. 50,541

Tel: 408-288-5068